

2024 half-year financial results

Amid an unfavourable macroeconomic climate, Crédit Mutuel Arkéa's half-year results showed a limited decline, solid commercial momentum and highly robust solvency and liquidity indicators, testifying to the resilience of its business model.

Brest, 9 September 2024 – The Board of Directors of Crédit Mutuel Arkéa has approved the financial statements for the first half of 2024.

After a first half marked by major political and economic uncertainties, Group net financial income declined to €167 million, impacted by restrictive monetary conditions, a sharp rise in business insolvencies compared with the first half of 2023, and exceptional weather events which continued to weigh on insurance activities. Despite this particularly unfavourable environment, the Crédit Mutuel Arkéa Group achieved strong commercial momentum across its various business lines and posted a solid balance sheet structure, with liquidity and solvency levels well above regulatory requirements, testifying to the robustness of its business model. The cooperative banking group, which ceased its speculative CIB business in 2008, continues to implement its strategy of financing the real economy in France, with a strong environmental and social focus.

Strong commercial momentum across all Group business lines

Reflecting the quality of our offering and the commitment of all our distribution networks and employees to our members and customers, Crédit Mutuel Arkéa reported stable business indicators across the Group's various business lines.

- **For the first time, the individual customer portfolio crossed the 5 million mark. The portfolio expanded 3% to reach 5.3 million customers**, driven by online banking (+111,000 customers), retail banking (+20,000 customers) and the consumer credit subsidiaries (+16,000 customers). A significant milestone reached thanks to a **perfectly executed commercial strategy**:

- **Fortuneo was voted '2024 Brand of the Year'** among online banks according to an independent survey of more than 15,000 consumers in France by the NielsenIQ institute.
- **Crédit Mutuel du Sud-Ouest launched the Orion transformation project**, which aims to rework its regional footprint, review its relationship structure and strengthen its expertise in order to win new customers and development projects.
- **Crédit Mutuel de Bretagne deployed organisational projects** designed to strengthen relations with its customers in terms of reachability and wealth management expertise.
- **Gross outstanding loans stood at €89.2 billion, up 2% compared with the end of 2023. Non-residential loan production** increased 10.5% versus H1 2023, reaching €4.4 billion. In a sluggish real estate environment, **home loan production** was down. First-time buyers, who account for almost 50% of the projects received by the Crédit Mutuel de Bretagne and Crédit Mutuel du Sud-Ouest federations, are currently among the customers most adversely impacted by the real estate environment and the banking regulations in place. In response to this situation, driven by a clear commitment to continue supporting its customers' projects, the cooperative banking group decided to launch **Duoprime, a dedicated co-investment property solution designed to help first-time buyers** achieve their projects while complying with the regulatory debt service-to-income ratio, without this systematically resulting in a major deterioration in the amount of their "left to live on" additional disposable income.

Overall, loan production totalled €6.4 billion in H1 2024, down 12.4% on H1 2023 (€7.3 billion).

- **The quality of the loan portfolio remained very high** with an NPL ratio of 2%.
- **Outstanding savings** increased 1.7% from the end of 2023 to €170.2 billion. Financial savings accounted for the majority of savings inflows in H1 2024, including a significant contribution (€2.9 billion) from subsidiary Arkéa Investment Services. Insurance savings inflows increased by 51%, while interest-bearing bank savings inflows were slightly down on H1 2023.
- **In property and personal insurance, earned premiums on existing policies were up 7.3% to €263 million**, while **new business premiums were up 23.1% versus H1 2023**. External networks accounted for 53% of new business premiums (up 6 percentage points¹) and 31% of earned premiums on existing policies (down 1 percentage point²).

A resilient model in an adverse environment driven by the diversification of income sources

¹ Compared to 31/12/2023

² Compared to 31/12/2023

- **Total Group revenues³ for the first half of 2024 came to €1 billion.** Amid a challenging economic environment, this result was underpinned by continued strong commercial momentum and the Group's strategy of diversifying its sources of income, with contributions in particular from:
 - **the Insurance and Asset Management Division, representing 25%** of Crédit Mutuel Arkéa revenues (€257 million);
 - **the BtoB Division, representing 22% (€226 million).** The Group has carried out major strategic projects (Axa, CCF), the success of which has made Crédit Mutuel Arkéa one of the leading players in white-label development in the banking sector. The latest major strategic project, the migration and operation of CCF's IT systems, was successfully delivered on 1 January 2024, marking the culmination of a three-year project involving over 1,300 Group employees. This dynamic performance enabled the entities in the BtoB Division to confirm their strategy of refocusing on their expertise markets, with low capital-intensive activities and higher earnings, thanks to which **commissions** (+€61 million) increased.

Penalised by the continuing rise in the cost of customer funds, the **net interest margin** fell by €41 million. In an economic climate that has strongly impacted retail banking in France, Crédit Mutuel Arkéa, whose retail banking networks are exclusively located in France, has remained true to its commitments as a mission-driven company by continuing to finance the projects of its members and customers. This ambition to provide hands-on support to individuals, professionals and businesses weighed on our margins in 2024.

Insurance income was down €78 million, mainly due to the rise in claims and the significant additional impact of the Ciaran and Domingos storms at the end of 2023.

Other income was down €14 million, impacted by a lesser contribution from the private equity business, which is nevertheless holding up well. In the first half of 2024, the Group invested €41.9 million in companies throughout France.

- Impacted by the fall in revenues, the **cost/income ratio** was 72.9%. **Operating expenses** fell by 4.5% (-€36 million), mainly as a result of measures designed to improve operating efficiency. These measures were launched in the first half of 2024 in order to bring the cost/income ratio back into line with historical levels.
- **Gross operating income** was down 11.3% versus H1 2023.
- As a result of the unfavourable macroeconomic climate, the **cost of risk** increased to €76 million compared with the first half of 2023 (+39%). This was mainly due to the deterioration in the professional and business markets, and reflects Crédit Mutuel Arkéa's commitment to working alongside real economy players.

This is one of the lowest ratios in the banking sector (17 bps annualised) relative to outstanding customer commitments on the balance sheet,

³ Net banking and insurance income (NBII) including gains on disposal or dilution in investments in associates

reflecting the robust nature of the customer loan portfolio and rigorous credit risk management.

- **Net income Group share** came to €167 million⁴, down 17% on the first half of 2023.

SIMPLIFIED INCOME STATEMENT

€m	H1 2024	H1 2023	Change
Revenues*	1,048	1,120	-6.5%
Operating expenses	763	800	-4.5%
Cost/income ratio	72.9%	71.4%	+1.5 pp
Gross operating income	284	320	-11.3%
Cost of risk	76	54	+39.5%
Operating income	208	266	-21.7%
Net income – Group share	167	203	-17.4%

A solid balance sheet structure and first-rate solvency, well above regulatory requirements

Crédit Mutuel Arkéa has a solid balance sheet structure, supported by a high level of liquidity and first-rate solvency ratios, reflecting the robustness of its business model.

- **Total balance sheet assets** are stable at €191.4 billion.
- **Equity attributable to owners of the parent** increased 1.7% from 31 December 2023 to €9.9 billion. This includes €3 billion in member shares, up 4.6%.
- **The Common Equity Tier One (CET1) solvency ratio** is 16.8% and the **overall solvency ratio** is 20.6%. **Still well above regulatory requirements** (9.40% and 13.99% excluding P2G), these ratios testify to the Group's robust long-term solvency.
- **Liquidity reserves (€32.6 billion) with ratios also remaining well above regulatory requirements:** LCR (one-month ratio) of 149% and NSFR (Net Stable Funding Ratio) of 115%.

A model resolutely committed to supporting environmental and societal

⁴ Net banking and insurance income (NBII) including gains on disposal or dilution in investments in associates

transitions, regions and their stakeholders

Since 2019, Crédit Mutuel Arkéa has undertaken a profound transformation of its business model, resolutely integrating environmental, social and governance (ESG) goals. This turning point was marked by the adoption of its **corporate purpose in 2019**, a pioneering commitment in the banking sector in France, confirmed and strengthened in 2022 when it adopted **mission-driven company** status.

This structural change, which is fully in keeping with the Group's mutualist values, has made it possible to formalise and implement a strategy aimed at making Crédit Mutuel Arkéa a **benchmark player in terms of sustainable development and positive regional impact**.

The **"Transitions 2024"** strategic plan embodies this ambition by positioning the Group as an agile financial partner, capable of supporting the major future transitions that the regions and their stakeholders are undergoing.

The first half of the year saw the culmination of a number of major achievements under this plan, including the following:

Financing transitions In terms of financing the environmental transition, the Group reported an increase of over 17% in new loan production between first half 2023 and first half 2024 (to €574 million).

Non-financial ratings among the best in the banking market, reflecting the Group's ongoing commitment to environmental, social and governance (ESG) criteria.

The publication of a second mission report Validated by an independent third party, it highlights the significant progress made by Crédit Mutuel Arkéa in terms of sustainability, corporate social responsibility and investment in the real economy. Among the indicators monitored are the percentage of members, the production of financing for the ecological transition, the Group's direct carbon footprint, the rate of inclusion of people with disabilities within the company and the redistribution of social benefits. This goal of providing local support to members and customers, whether they are individuals, professionals or companies, is especially critical in the prevailing context of inflation and economic tension.

The launch of a Crédit Mutuel Arkéa endowment fund to strengthen the solidarity scheme With an annual budget of €3.6 million, the fund will support the Solidarités schemes run by the Crédit Mutuel de Bretagne and Crédit Mutuel du Sud-Ouest federations and local banks, in particular by supporting regional initiatives. With the creation of its endowment fund, the Group aims to support and give visibility to grassroots initiatives in favour of employment, healthcare, inclusion, living together and social and environmental change.

Major advances in artificial intelligence (AI) With regard to innovation, Crédit Mutuel Arkéa is continuing to make advances in AI, boosted in particular by an acceleration in GAI (Generative Artificial Intelligence) during

the first half of the year. In June, the deployment of a standard Arkea GPT model enabled all employees to access GAI in a secure and controlled environment. At the same time, specialised use cases are being tested, in particular with certain customers, with a view to their deployment. This work is part of a responsible and controlled approach, a distinction that has earned the Group "Trusted AI Methodology" certification from the French National Laboratory of Metrology and Testing (LNE). In addition, Crédit Mutuel Arkéa has been associated with the ArGiMi consortium, winner of the "Digital Commons for Generative Artificial Intelligence" call for projects launched by Bpifrance. This momentum also builds on the release by its teams in October 2023 of an open-source generative AI model in French, which is more energy-efficient and contributes to the development of sovereign digital commons.

As 2025 approaches, the Group is preparing to bring Transitions 2024 to a close, while laying the foundations for its next strategic plan up to 2030. This new cycle will make it possible to define a plan for the future that is consistent with the mutualist values that have always guided the Group, while incorporating the growing demands of sustainable development and corporate social responsibility. This approach reaffirms Crédit Mutuel Arkéa's desire to play a leading role in the real economy and in supporting the transitions required for a sustainable future.



"In a macroeconomic environment that deteriorated sharply in the first half of the year, our results reflect our commitment to serving our customers. These are challenging times for all economic players, and for banks in particular. Despite this, we have chosen to play our part in supporting the real economy and the regions, to continue lending and to develop innovative solutions that provide tangible support for our customers' life projects. Our fundamentals are solid and our strategy based on a diversified model has enabled us to take part in major strategic projects, such as our partnerships with Axa and CCF, establishing Crédit Mutuel Arkéa as a leader in white-label development in the banking sector. As we prepare to launch our next strategic plan at the beginning of 2025, we look ahead to this new phase with confidence, strengthened by the solidity of our business model and determined to continue playing our role as a shock absorber in the face of economic uncertainty."

– **Julien Carmona**, Chairman of Crédit Mutuel Arkéa –

"In keeping with our values as a mutual bank and a mission-driven company, our results are those of a bank that has chosen to support its customers and regional economies, even amid this challenging economic climate. We have managed to stay

on course by maintaining strong commercial momentum across the Group's various business lines, while keeping the balance sheet structure very strong. 2024 was a pivotal year for the Group, marking the completion of our Transitions 2024 plan, which confirmed our ambition to be a bank with a positive impact on the environment and society. I would like to thank the Group's 11,000 employees, who uphold our mutualist values and work hard every day to serve our customers and members."

– **Hélène Bernicot**, Chief Executive Officer of Crédit Mutuel Arkéa –

"Crédit Mutuel Arkéa has a very solid balance sheet structure and maintains high levels of liquidity and solvency ratios well above regulatory requirements. These indicators testify to the robustness of our business model, which is diversified and resolutely focused on customers and on supporting regional economies in the service of environmental and social change. The results of our medium-term Transitions 2024 plan further confirm our ambition to align our actions with our commitments and to meet the expectations of all our stakeholders. We move forward with confidence and determination as we prepare our new strategic plan aimed at meeting the economic and environmental challenges we face today."

– **Anne Le Goff**, Deputy Chief Executive Officer of Crédit Mutuel Arkéa –

About Crédit Mutuel Arkéa

The Crédit Mutuel Arkéa cooperative group is made up of the Crédit Mutuel de Bretagne and Sud-Ouest federations and their member local banks, as well as some forty specialised subsidiaries (Fortuneo, Monext, Arkéa Banque Entreprises et Institutionnels, Arkéa Investment Services, Suravenir, etc.). Crédit Mutuel Arkéa has over 11,400 employees, 2,600 directors and a total of more than 5.1 million members and customers. The bank holds €191.6 billion in total assets.

The first banking group to adopt a "Raison d'être" (corporate purpose) in 2019, Crédit Mutuel Arkéa became an "Entreprise à mission" (mission-driven company) in 2022 and is committed, through its strategic plan "Transitions 2024", to providing finance that serves the regions and their stakeholders in order to position itself as the agile and innovative financial partner for the coming transitions.

With a nationwide presence, Crédit Mutuel Arkéa has chosen to keep its decision-making centres in the regions. It is a major player in job creation in its regions and relies on a continuous recruitment drive. The Group is convinced that local development can only be achieved by combining financial and non-financial aspects. This is why Crédit Mutuel Arkéa is the first French bank to have developed a unique method for calculating overall performance. This enables it to take into account all the financial, social, societal and environmental impacts of its activities and those of its stakeholders.

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A detailed presentation for the first half of 2024 is available on the Group's website at the following address:

https://www.cm-arkea.com/arkea/banque/assurances/c_8710/en/presentations-investissements



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